

Affordable Assisted Living:

Providing Dignity and Independence for All Elderly Americans



NCB Development Corporation
www.ncbdc.org

NCB Development Corporation:
An Industry Leader

NCB Development Corporation (NCBDC) provides solutions that empower underserved communities to address the problems that poverty creates in America. Our solutions are based on the cooperative principles of self-help, democratic control and open participation. We target community needs nationwide that have not been adequately addressed by traditional approaches.

Community Solutions Group, LLC, a subsidiary of NCB Development Corporation, promotes and disseminates these solutions to public policy makers and other organizations that have the power to support them with both funding and legislative change, and provides technical assistance and training to organizations that can use these solutions to affect local change.



Can affordable assisted living work?

Judging from early successes, the answer is emphatically yes.

NCB Development Corporation

(NCBDC) has helped lead the way in the affordable assisted living

industry. While many markets in the U.S. are well supplied or even overbuilt for upper-end assisted living, low- and moderate-income seniors often have no affordable options available to them. This lack of affordable assisted living forces the majority of older Americans requiring long-term care to forgo needed services, move away from their communities, rely on family members who struggle to meet their needs, or unnecessarily enter the more institutional environment of a nursing home. In order to meet the needs of this burgeoning senior population, it is crucial to create more affordable, less restrictive alternatives to nursing home care.

NCBDC is doing just that.

Since 1992, NCBDC has . . .

- Administered a \$12 million grant from The Robert Wood Johnson Foundation and served as the national program office for The Coming Home Program.
- Developed eight residences in Arkansas, Illinois, Colorado and Oregon, demonstrating that affordable assisted living can succeed.
- Awarded and is currently managing grants to nine states to develop policies supporting the development of affordable assisted living.
- Provided ongoing policy and development assistance to the nine Coming Home grantee states.
- Helped pursue quality assurance in assisted living.
- Served as an educational resource, providing information on affordable assisted living through its web site, tools such as an affordable assisted living guide for state policy makers, and a model financial feasibility analysis tool to help owners, developers and policy makers create demonstrations of affordable assisted living.



Affordable Assisted Living: The Genesis of a New Idea

In 1992, NCB Development Corporation (NCBDC) recognized a devastating void in long-term care for the elderly; frail seniors throughout the country had little or no access to affordable housing with services. While assisted living was one of the fastest growing segments of the senior housing industry, it focused on upper-income urban and suburban seniors (those with incomes in excess of \$30,000 per year), placing it out of reach for the majority of older Americans.

Unfortunately, while the need was great, the complexity of affordable assisted living development was more than most not-for-profit and community organizations could manage. Developing affordable assisted living requires cooperation from multiple government agencies, an intimate understanding of complex funding and regulatory programs, and the capacity to assemble capital piece-by-piece.

Prepared to assist not-for-profits, community organizations, and states to overcome such challenges, NCBDC joined in partnership with The Robert Wood Johnson Foundation (RWJF), America's largest health care philanthropy, to create The Coming Home Program. Coming Home would stretch the limits of assisted living, focusing exclusively on affordable models. Coming Home would also work with existing community health care providers to create a seamless continuum of long-term care.



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with an emphasis on maintaining
an individual's independence,
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The Coming Home Program

The Coming Home Program is designed to help communities develop affordable assisted living residences that integrate housing with health, social and personal care services for frail or chronically ill older persons and assist them to live as independently as possible. Facilities provide for low-income seniors who cannot afford private pay long-term care costs.

The Program was created to:

- Promote the development of affordable housing with health, social and personal care services as an alternative to institutional care for low-income seniors.
- Use a consortium of health, housing and social service providers to develop the continuum of long-term care services.
- Identify success factors in the development and service delivery process that will help others create similar programs nationwide.
- Assist states in crafting policies for reimbursement and regulation of housing with services.

The Coming Home Program brings together state housing agencies, state Medicaid agencies, state regulatory agencies and local nonprofits to create affordable housing with services supporting frail seniors to live in their own communities for as long as possible.

The Coming Home Program Breaks Ground: A Case Study of the Illinois Experience

Coming Home began its work in Illinois. Consistent with its goal to work with local sponsors, NCBDC found an ideal partner in the Shawnee Health Service and Development Corporation, a nonprofit health and social service agency operating community health clinics in Southern Illinois.

Working with NCBDC, Shawnee helped form a new nonprofit corporation called the River to River Residential Corporation. River to River decided to focus on a four-county area of Southern Illinois, Cache Valley, where seniors composed 18 percent of the total population of 45,984 people. This area had the highest unemployment and poverty rates in Illinois. Income levels were among the lowest in the country. Seventy-seven percent of the seniors in this region had incomes below \$15,000 annually. There were no low-income elderly rental apartments, and the few nursing homes all had lengthy waiting lists.

After identifying a significant need in the region for both personal care services and affordable housing, and armed with their tremendous experience with elder care programs, Shawnee, through River to River, teamed up with NCBDC to develop affordable assisted living facilities in Southern Illinois. Cache Valley Assisted Living Apartments would be the first facility opened under the innovative Coming Home Program.



Residents of Cache Valley are all frail seniors and eligible for nursing home care. Residents come from farms or small communities like Ullin in neighboring counties.



Cache Valley Assisted Living Apartments

The Cache Valley Assisted Living Apartments in Ullin, Illinois is the largest private development in the area in the past decade, and the first-ever affordable housing development in the area. It was also one of the first low-income assisted living housing projects in rural America. Cache Valley was honored in 1998 with a "Best of Home Award" by the Assisted Living Federation of America.

Residents of Cache Valley are all frail seniors, who are eligible for nursing home care. Residents come from farms or small communities like Ullin in neighboring counties. These seniors are fortunate, in that their case managers had an affordable solution to meet their needs. Rents at Cache Valley are \$300 to \$440 a month, a fifth of what market rate assisted living would cost.



The Services

Services, including three meals per day, laundry, recreation, social and personal care services, medication management, housekeeping, transportation and money management, are available to residents on an as-needed basis. Residents have access 24 hours per day to assistance with activities of daily living (grooming, toileting, bathing, dressing and eating). Personal care services are designed to assist tenants to live as independently as possible.

Service Payments

All of the tenants in Cache Valley Assisted Living are frail and Medicaid-eligible, so services are paid for by the state through the Medicaid Home and Community-Based Services Waiver Program. The service payment is based on the individual's frailty level. The capitated care plan rate, paid by the state, ranges from a low of \$236 per month to a high of \$1,598 per month, depending on need.

Housing Payment

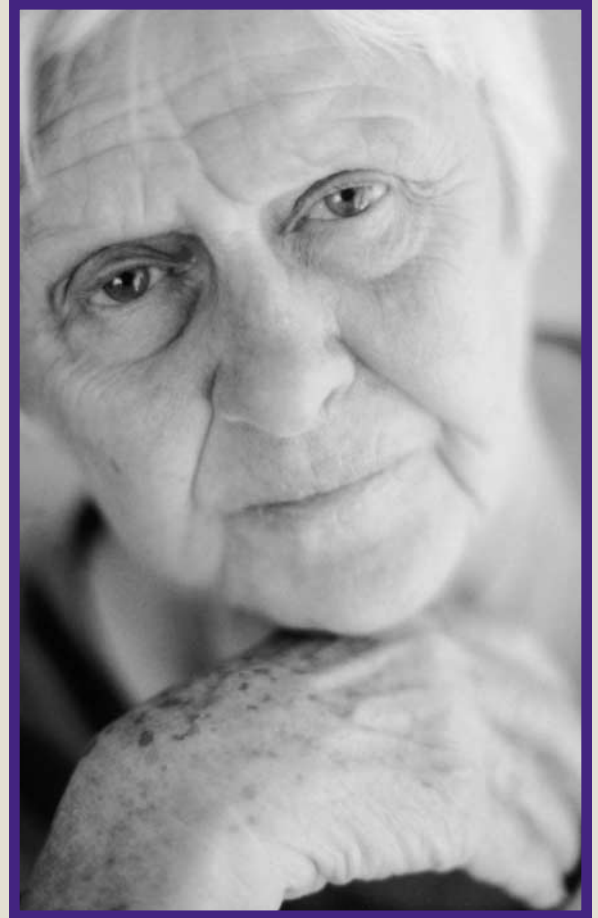
Cache Valley is 100 percent affordable to seniors at 60 percent of the median income level for the area. Half of the residents must be under 50 percent of the area median. There is no on-going subsidy to renters; the rent was reduced to an affordable level by the infusion of equity from the low-income housing tax credit program. The low-income housing tax credit program and the Illinois Housing Development Authority's Trust Fund Program set maximum income limits for rents.

Affordable Assisted Living's Impact

Affordable Assisted Living's Impact on Medicaid Costs

In Illinois, the potential for Medicaid savings is enormous:

- The Department of Public Aid pays for approximately 60 percent (56,000) of the persons residing in nursing homes. The average nursing home reimbursement is \$100 per resident per day.
- The Department pays \$1.3 billion per year to provide long-term care services for the 56,000 people in nursing homes and estimates that about 30 percent of these seniors, based on the state's determination of need scale, do not need the 24-hour skilled nursing care provided in nursing homes.
- Cache Valley Assisted Living has been in operation for three years and the average service cost per day is \$29.50.
- With an average rent of \$350 per month, the total cost per resident for a combination of rent and services is \$41 per day compared with nursing home costs of \$100 per day, a savings of \$59.00 per day and \$21,535 per year.
- Using the state's assumption (30 percent of nursing home residents don't need 24-hour skilled nursing care) and also assuming that the cost of care for that 30 percent of the nursing home population is less than the average \$100, the potential for savings with affordable assisted living is close to \$300 million per year.



How Do Older Americans Benefit From Assisted Living?

Assisted living allows frail seniors, who are unable to stay at home but do not need 24-hour skilled nursing care, to move into a residential setting with services designed to meet their needs. Residents can create an individualized care program that changes as their needs change, allowing older Americans to age in place. In addition to being less expensive than skilled nursing care, assisted living generally provides residents with private apartments rather than an institutional setting. Care and services are delivered with an emphasis on maintaining an individual's independence, dignity, and privacy.



A Proven Solution

A Proven Solution for Illinois and America

There is no need to reinvent the wheel to care for low-income elderly. Cache Valley and Coming Home offer a simple, effective template for assisted living financing, partnering, housing, services, and even architectural design which can be modified for local sponsors and communities across the country. Partnership models with hospitals and rural health, social service and housing providers have already been developed.

Since Cache Valley opened, The Coming Home Program has helped develop numerous other affordable assisted living residences. In Oregon, Orchard House is part of the state's Vision 2000 program, an initiative to encourage the creation of new models for serving what would otherwise be nursing home residents. Located in Mt. Angel, a rural community of 4,000 people, Orchard House has not only provided new options for frail seniors, it has stimulated other economic development activity in the community.

The Coming Home Program is about helping seniors to remain independent and preserve individual dignity. On a larger scale, it is about national change. The Program uses existing state and federal programs to create affordable housing and then overlays services through the Medicaid Home and Community-Based Services Waiver. For a frail, low-income senior who wants to live as independently as possible, this model has proven itself, and offers an excellent solution to the challenges of a large and underserved group of Americans.

The next step is replication.



How Do States Benefit From Affordable Assisted Living?

In practical terms, states save money. Assisted living is often estimated to cost 30 to 50 percent less than a nursing home. For example, a demonstration in Colorado relocated 64 nursing home residents interested in returning to the community to assisted living and other settings. In the first year, the project saved \$347,000 in Medicaid expenditures. What's more, residents were happier—satisfaction with their living arrangement increased from 33 percent in the nursing home to 94 percent in assisted living.

Coming Home Phase II: Changing the Regulatory, Reimbursement and Financing Environment

The experience of the first phase of The Coming Home Program emphasized the great need for affordable assisted living residences, a need that Coming Home could not feasibly meet alone. In order to encourage other not-for-profit and community developers to build affordable facilities, the process would have to be simplified and reimbursement would need to be adequate. The regulatory, reimbursement, and financing environments would have to become more amenable to this type of development. This was the inspiration for the second phase of Coming Home: promoting affordable assisted living at the public policy level.

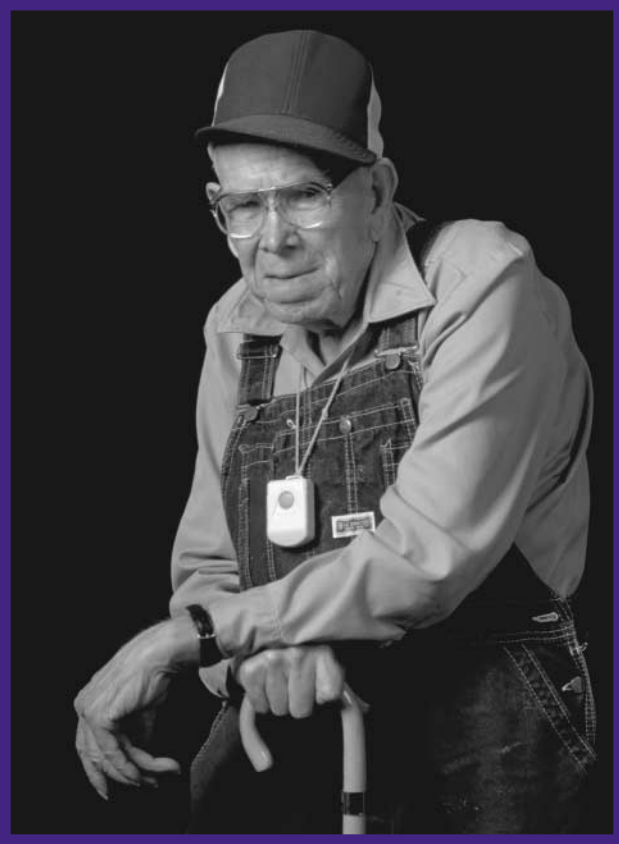
Coming Home Phase II consists of three integrated components. First, in February 2001, grants of up to \$300,000 each over three years were awarded to nine states to encourage expansion or implementation of regulatory, reimbursement, and financing environments that will facilitate the creation of affordable assisted living. The grantee states include Alaska, Arkansas, Florida, Iowa, Maine, Massachusetts, Vermont, Washington, and Wisconsin.

Second, a revolving loan fund will be used as a vehicle to provide both feasibility assessment and pre-development capital to the nonprofit sponsors of affordable housing in the nine grantee states. The purpose of these funds is to encourage providers to focus their development efforts on a low-income senior population. In order to facilitate the development of these projects, NCBDC and RWJF have set up an \$8-million revolving loan fund to provide pre-development capital. NCBDC and grantee states are in the process of identifying and working with nonprofit sponsors who are eligible for these funds.

Third, technical assistance is also provided to the grantee states by Coming Home Program staff to assist in all phases of planning and implementation. This includes:

- policy analysis, such as working with Medicaid to adapt a state Home and Community-Based Services Waiver for assisted living, and/or helping to coordinate the regulations on the housing and services sides;
- financial analysis, such as working with nonprofit social health care providers to access both public and private funds for services and housing; and
- facilitating communication among the various stakeholders, from community providers to state agencies to bankers.

Further, the national program staff provides information about emerging best practices in affordable assisted living.



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for low-income elderly.

What's Next?

Coming Home started its work in 1992, a time when the challenge of providing long-term care alternatives for the expanding senior population was just beginning to raise concern.

In 1990, there were 5.5 million seniors in need of long-term care.

Today, that number has grown to 6.2 million, two-thirds of whom have incomes of less than the \$30,000 needed to pay privately for assisted living.

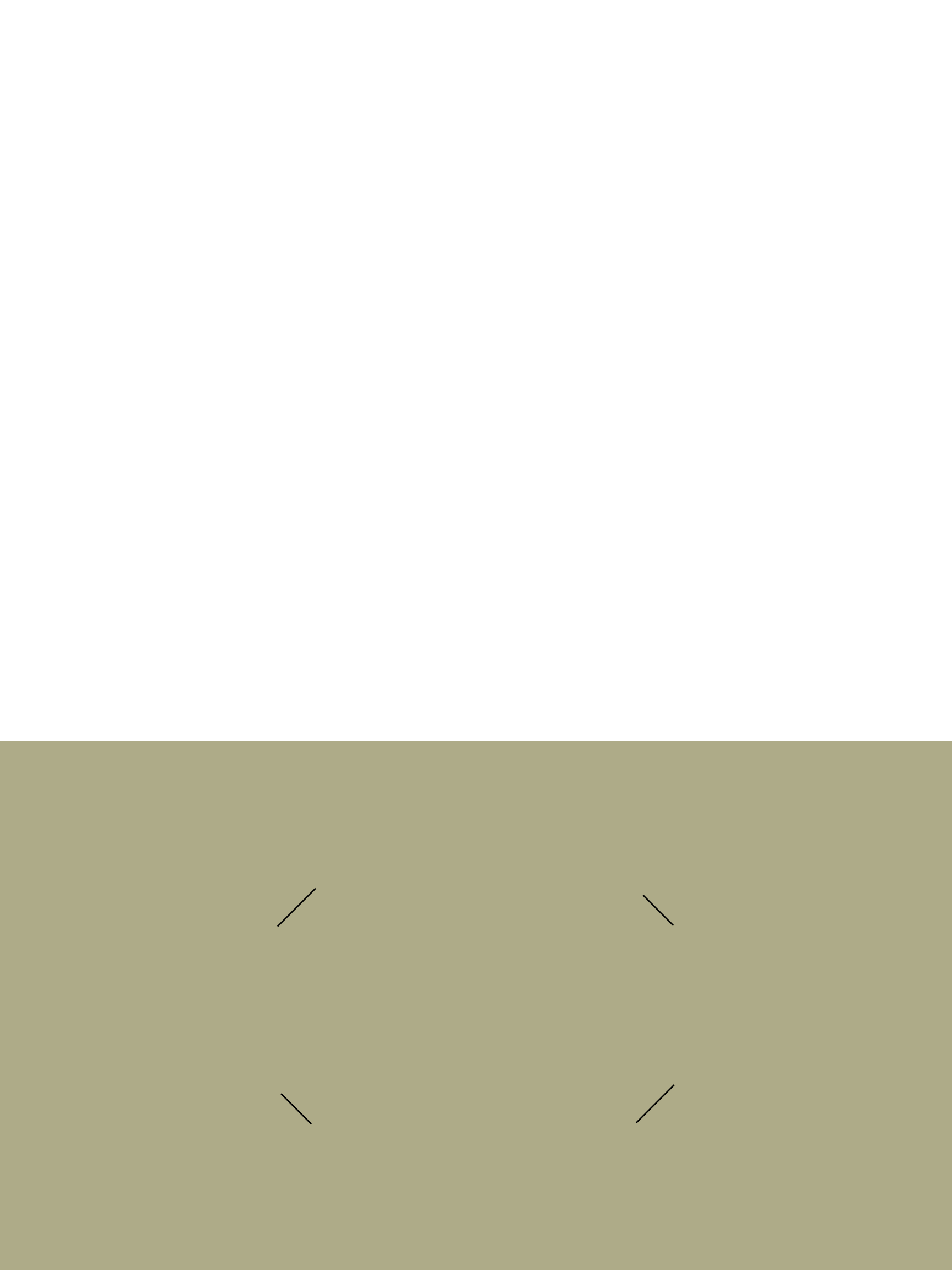
This is a remarkable challenge that will not be met without a collaborative effort by all of the stakeholders.

Policy makers will have to work to make regulations and programs more amenable to the development of affordable assisted living.

Developers and operators will need support to tackle projects that require a great deal of tenacity and innovation.

And the industry will have to collaborate closely to develop standards and mechanisms to ensure quality long-term care.

NCBDC looks forward to helping lead this effort as a committed advocate for our nation's low-income elderly.





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